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RE: Monitoring Trends in Employer-Sponsored Health Insurance Data in Montana

Employer-based health insurance is a key source of coverage for Montana residents, with an estimated 51% of Montanans currently getting their coverage through work (or through their spouse's or parent's work).¹ Monitoring the availability and characteristics of employer-based insurance is important for state health policy planning and development. In recent years, Montana has invested in two state surveys to collect information about the health insurance provided by employers in the state: the *Employer Survey on Health Insurance Coverage in Montana*, a telephone survey of approximately 500 businesses conducted by the University of Montana in 2003 and 2006, and the Montana Department of Labor and Industry's (DOLI) *Montana Employee Benefit Survey*, a mail survey conducted in 2004 of 1,675 employers statewide.

Since 2002, the Montana Department of Public Health and Human Services (DPHHS) has been the recipient of two Health Resources and Services Administration (HRSA) State Planning Grants (SPG) aimed at improving the state's information about the uninsured and supporting the state's policy planning in expanding access to health insurance coverage. In its SPG continuation application in 2005, the DPHHS outlined the goal to "update and re-evaluate data collected [during its initial SPG grant]... to create a sustainable source of information to enhance the state's knowledge of the uninsured."² As part of this goal, the DPHHS outlined the following two objectives:

1. Administer a follow-up version of the 2003 University of Montana Employer Survey (the survey was conducted again in 2006), and
2. Regularly collect information on employer-based health insurance through the DOLI Employee Benefit Survey.

In December 2005, the DPHHS convened members of the Montana SPG Steering Committee and Project Team to discuss new questions for the January 2006 re-administration of the University of Montana Employer Survey.³ On July 12, 2006 SPG participants were convened again to discuss future administrations of the DOLI survey. Participants on the second call

included representatives of the SPG Steering Committee and Project Team, University of Montana, DOLI, as well as the State Health Access Data Assistance Center (SHADAC) at the University of Minnesota.

As part of its subcontract under the Montana SPG continuation grant, SHADAC was asked by the DPHHS to summarize Montana's employer-based health insurance data needs, potential data sources, and issues discussed during the July 2006 call. The purpose of this memo is to provide this summary and to offer suggestions for the future monitoring of the availability of employer-based insurance in the state. We first present an overview of the relevant state data available to Montana, including the University of Montana and DOLI surveys. We also consider the Medical Expenditure Panel Survey- Insurance Component, or MEPS-IC, a national data source on employer-based health insurance that provides state-based trend information. We highlight this national survey both because of its direct relevance to the information needs of Montana and because it provides annual state-level data at no expense to states.

As noted by participants during the July 2006 call, current and future employer data collection at the state level is not just to serve the goal of Montana's current SPG continuation grant but to serve state policy makers in the future on a regular basis. Our primary recommendations, discussed further below, are to call on the MEPS-IC as a regular source of basic data concerning employer-based health insurance offers and take-up, supplemented by a periodic state survey to collect more in-depth data about employer-based health insurance in the state. Building off of the data that are routinely available for Montana through the MEPS-IC survey, we outline potential priorities for future administration of a state employer-based survey (whether it be the DOLI survey, University of Montana survey, or some combination of the two).

Summary of Recent/Current Employer-Based Health Insurance Data Sources for Montana

Table 1 summarizes key features of the three data sources: the University of Montana survey, the DOLI survey, and the MEPS-IC. Information on each source's sample, timing, methodology, and survey questionnaire content is provided, and the advantages and disadvantages of the data derived from these sources are presented.

Employer Survey on Health Insurance Coverage in Montana (conducted by the University of Montana):

Funded by Montana's initial and continuation HRSA SPG grants, this telephone survey was first conducted in 2003 and again in 2006. The first administration of the survey was based on a stratified random sample of businesses from a list of Montana employers covered by unemployment insurance maintained by DOLI. Businesses were sampled based on their size (i.e., their number of employees). To ensure that a sufficient number of larger businesses was included in the sample, such firms were sampled with a higher selection probability. The survey resulted in a strong overall response rate of 81%, with 520 employer interviews completed. In 2006, the sample included businesses in the 2003 sample as well as a supplemental random sample of businesses from the DOLI unemployment insurance list. A total of 486 firms completed the telephone survey in 2006, 418 of which had also responded to the earlier survey. Future administrations of the Employer Survey will require securing new sources of funding.

Of the three data sources summarized in this memo, the University of Montana Employer Survey captures the most in-depth information about employer-based health insurance. The survey instrument includes questions on the following topics:

- Whether a firm offers health insurance,
- Reasons for not offering insurance,
- A firm's history of offering health insurance ,
- Employee requirements for coverage eligibility,
- Changes to eligibility requirements and employer/employee premium contributions,
- Share of eligible employees who do not accept and their reasons,
- Proportion of a firm's total expenditures on health insurance coverage,
- Number of health plans a firm offers,
- Whether a firm offers dental, drug, retiree, family health benefits,
- Health plan features,
- Premium amounts paid by employer/employee,
- Whether any employees are uninsured and reason,
- Factors in increases in premium costs,
- Role of health insurance in hiring, retaining employees,
- Changes a firm may need to make to accommodate health insurance coverage, and
- Increase in premiums paid by the employer.

In 2006, the questionnaire was augmented to include a few items that would facilitate some assessment of the new (2006) Insure Montana program offering tax credits and premium assistance to eligible small businesses to help offset the costs of providing health insurance coverage. The new survey questions included the general income level of employees (to assess program eligibility), whether the firm had heard of the new program, and how likely the firm would participate in the program. The timing of the second administration of the survey (early 2006) immediately followed the start up of the Insure Montana program (January 2006). As a result, the number of sampled firms enrolled in or knowledgeable about the program was relatively small.

Montana Employee Benefit Survey (conducted by DOLI): This survey was conducted and funded as part of a federally-supported, multi-state effort to collect better employee benefits data at the state level. The Employee Benefits Consortium, which was funded by a U.S. Department of Labor grant between 2001 and 2005, developed the methodology and questionnaire for an employer mail survey inquiring about the employee benefits offered by firms. Seven member states, including Montana, piloted the survey. While the pilot was paid for by federal dollars, future administration of the survey will require new sources of funding.

The Montana Employee Benefit Survey was conducted in 2004 (therefore in between the two University survey administrations), and similar to the University of Montana Employer Survey, was based on a sample of private businesses drawn from the state's unemployment insurance list. As with the University of Montana survey, larger businesses were more likely to be selected in the sample. Although the response rate was lower (49%) than that of the University of Montana survey (in general, mail surveys tend to have lower response rates than telephone

surveys), the DOLI sample size was larger overall, resulting in a total of 1,675 completed questionnaires.

The Employee Benefit Survey is a brief survey (four pages) and asks questions about the availability of several types of benefits— not just health insurance, but also retirement packages, disability, life insurance, and paid leave (including vacation, sick time, and holiday time). For this reason, the health insurance questions were much more limited than those that comprise the University of Montana survey. Specifically, the DOLI Employee Benefit Survey instrument captures the following information concerning health insurance:

- Whether a firm offers medical/dental/vision/family coverage,
- Number of employees who are eligible for each type of coverage,
- Number of employees enrolled in each type of coverage,
- Proportion of premium paid by the employer,
- Whether there is a waiting period for medical coverage, and
- The employer's total annual insurance expenditures (for medical/dental/vision combined).

All questions are asked for full-time and part-time employees. Similar to the University of Montana survey, the DOLI instrument asks about the health plans that employers *currently* offer.

One interesting advantage associated with future administrations of the DOLI instrument is the ability to assess changes in employer health insurance offers in the context of other benefit changes.

MEPS-IC: Funded by the Agency for Healthcare Research and Quality (AHRQ) and conducted annually by the U.S. Census Bureau, MEPS-IC is a national telephone survey of private business establishments and government employers. MEPS-IC affords annual estimates regarding employer-based health insurance for all states. The survey offers methodological rigor and high quality data and provides state-level estimates at no costs to states. The data also allow for states to conduct cross-state analyses, providing comparisons with others states and the United States overall.

MEPS-IC includes a sample of private sector establishments and a sample of government employers. The private sample is allocated to states based on each state's average proportion of national payroll, employment, and number of establishments. Within a state, employment size, probability of offering insurance, probability that an employee will enroll in insurance, and total single employee contribution are used to create sampling strata. The government employer sample includes all state governments, all local governments with more than 5,000 full-time-equivalent employees, and a random sample of 200 governments in each Census Division in the country (allocation within each Census Division is proportionate to the government employment in each state).

Until recently, MEPS-IC did not regularly support state-level estimates for all states. Since the 2004 survey, its random sample of private sector businesses is now large enough in all states,

including Montana, to warrant state-level estimates. Prior to this change, Montana's sample size was not regularly sufficient for such estimates. Recent exceptions include 1999, when Montana was rotated in with a larger sample, and 2002, when additional sample was purchased for the state. The new private-sector sample for Montana is 704 establishments, with 520 expected to respond to the survey.

Unlike the two Montana state surveys which ask about current health insurance offers, the MEPS-IC collects data on benefits offered in the year prior to the survey administration year. Similar to the DOLI survey, the MEPS-IC collects information about health insurance offers as well as other benefits provided by the employer. However, unlike the DOLI and more in line with the University of Montana Employer Survey, the MEPS-IC questionnaire collects fairly in-depth information about health insurance coverage. The questionnaire includes the following health insurance items:

- Whether an employer makes available or contributes to the costs of any health plan,
- Number of plans an employer makes available/contributes to,
- An employer's history of offering health coverage,
- Number of employees (full-time and part-time) eligible for health insurance ,
- Number of eligible employees (full-time and part-time) enrolled in coverage,
- Employee requirements for coverage eligibility,
- Whether dental, vision, drugs and long term care are covered and total amount both employer and employee paid for these types of optional coverage,
- Whether there is a waiting period for health insurance and the typical waiting period duration,
- Whether retiree health benefits are provided, number of retirees enrolled, and retiree premium contributions,
- Health plan characteristics,
- Average employer/employee premium amounts,
- Whether premium amount varies by employee characteristics, and
- Plan deductibles and other out-of-pocket costs.

There are several important disadvantages to keep in mind about the MEPS-IC. One limitation is that while the state sample sizes have been improved overall, cell sizes remain small (i.e., large standard errors) for some indicators. For several key analyses, the sample size is acceptable (e.g., the percent of private sector firms that offer health insurance by firm size). But for other detailed analyses, the sample for Montana may not be large enough to support reliable estimates (e.g., average employee premium amount for all business size categories). One option for Montana to consider is to occasionally purchase additional MEPS-IC sample to optimize the utility of MEPS-IC in the future. In fact, the survey has considerable experience with state buy-in, and several states have used SPG grants to augment their state's MEPS-IC samples.

Another disadvantage to the MEPS-IC is that individual establishment data, or micro data, are not disseminated. Instead, only summary data are posted for the public on the MEPS website. However, federal survey analysts are available to conduct some data runs on an ad hoc basis.

The data on which posted tables/analyses are based may also be accessed at a Census Bureau Research Data Center location.

Finally, MEPS-IC users must wait until the annual release (typically each summer) to gain access to the most recent summary data. This delay in data availability combined with the fact that the survey collects insurance information for the prior year hinders the timeliness of the MEPS-IC.

Employer-Based Health Insurance Data Needs in Montana

As noted by participants during the July 2006 call, current and future employer data collection at the state level is needed to serve the goal of the Montana's current SPG continuation grant as well as future state policy makers on a regular basis. Attendees on the conference call expressed four key types of information needs. These are:

- General trends in employer-based health insurance offers and take up,
- State-specific information from employers regarding relevant state health policy and program changes,
- Types of health insurance plans of interest to employers/employees, including new health plan products, and
- Changes in employer-based health insurance products and the level of coverage they provide (including trends in services covered, provider networks, out-of-pocket requirements, plan maximums, etc.)

Suggestions for Future Monitoring of Employer-Based Health Insurance in Montana

We suggest using the MEPS-IC as a regular source of fundamental data regarding the availability and coverage of employer-based health insurance, supplemented by a periodic state survey (the DOLI survey, the University of Montana survey, or some merger of the two) to collect more in-depth data to address the state's other information needs. A systematic review of a manageable set of employer-based health plans could be used to examine changes in health plan products in a more detailed manner.

MEPS-IC as an on-going source of general trends: Especially in light of recent sample improvements, the MEPS-IC survey is an important data source regarding employer-based health insurance for all states. For example, the percent of firms that offer health insurance and the percent of employees who are enrolled, by firm size, are easily monitored through the MEPS-IC. Standard firm size categories provided include < 10, 10-24, 25-99, 100-999, and 1000 and more employees. State tables on the MEPS-IC website also present data by less than 50 and 50 and more employees.

Periodic state survey to collect more detailed information: While the MEPS-IC is adequate for monitoring certain key data elements, its survey content prevents it from addressing other information needs expressed during the July 2006 conference call:

- **Information from employers regarding state health policy and program changes.** As mentioned above, modifications were made to the 2006 Employer Survey conducted by the

University of Montana to incorporate questions about the new Insure Montana small business initiative. Because states may not add questions to MEPS-IC (as a state may in the BRFSS design, for example), state policy questions of interest should be prioritized in future administrations of a state employer survey.

- **Types of plans of interest to employers/employees, including new products.** MEPS-IC does not attempt to capture data on employers' attitudes about the types of plans businesses and their employees are seeking. A state employer survey could be an avenue for collecting this type of information.

Additionally, a number of issues that were of importance for Montana's recent state surveys are *not* addressed by MEPS-IC and may therefore warrant special consideration for future administrations of a state employer survey as well. These topics include:

- Reasons for an employer not offering health insurance,
- Employee requirements for coverage eligibility and changes in these requirements,
- Reasons eligible employees do not accept health insurance offer,
- A firm's expenditures on health insurance coverage,
- Changes in employer/employee premium contributions,
- Factors in increase in premium costs,
- Presence of uninsured employees,
- Role of health insurance in hiring and retaining employees, and
- Changes an employer have made to accommodate employee health insurance coverage.

Review of health plan documentation to examine changes in insurance products: The MEPS-IC attempts to collect fairly detailed information about the health plans offered by businesses, including the plan name and carrier, level of provider inclusion, referral requirements, out-of-pocket costs, and the general types of care covered by the plan. Due to low response rates to this portion of the survey, however, many of these data items have tended to be incomplete and have therefore *not* been available for public use. Health plan materials (e.g., booklets) may prove to be a more reliable source of information for assessing changes in insurance products, even though they have limitations as well (e.g., inconsistent content across plans, lack of clarity, incomplete documentation). Because collecting, abstracting, and analyzing health insurance booklets can be difficult and costly (for these reasons, the Census Bureau has not done this on a regular basis as part of the MEPS-IC), we recommend that any effort to do this be limited to a small set of businesses. As we discussed during the July conference call, one possible approach would be to conduct an in-depth examination of plan materials from a select set of businesses included in the prior University of Montana or DOLI surveys.

In summary, MEPS-IC is a cost-effective source of state-level data for monitoring key information about the availability and take-up of employer-based health insurance in Montana. Purchasing additional MEPS-IC sample for Montana is one option for further maximizing this resource and the analyses that can be produced from these data (e.g., by employer or plan characteristics). Periodic future administrations of a state employer survey would allow Montana to assess a broader set of issues concerning employer-based health insurance. The

state could consider alternating a short and long-version of a state employer survey, and incorporating the earlier University of Montana or DOLI samples into future state employer surveys would produce unique longitudinal data for the state. A limited but systematic and thorough review of a select set of health plans could provide more detailed data on changes in health insurance products being offered by employers in the state.

Table 1. Comparison of Recent/Current Employer-Based Health Insurance Data Sources for Montana

	University of Montana Employer Survey	DOLI Employee Benefit Survey	MEPS-IC
Schedule	2003, 2006	2004	Annual
Sample	520 employers in 2003; 486 in 2006 Random sample Includes firms of all sizes, but designed to get a disproportionate number of larger businesses	1,675 employers Random sample Firms selected proportionate to size	Beginning with 2004 survey, representative sample for all states Approx. 520 establishments for Montana Random sample; within state, stratified by size, probability of offering insurance and of employee enrollment, and employee contribution amount
Health Insurance Questions (Yes=survey includes item; No=survey does not include item)			
Whether firm offers health insurance	Yes	Yes	Yes
# of health plans offered	Yes	No	Yes
Reasons for not offering health insurance	Yes	No	No
Firm's history of offering health insurance	Yes	No	Yes
Whether only certain types of employees have access	Yes	No	Yes
Employee requirements for health coverage eligibility	Yes	No	No
Changes to employee eligibility requirements	Yes	No	No
#/% of employees who are eligible for health coverage	No	Yes	Yes
#/% of employees enrolled in health coverage	No	Yes	Yes
Reasons employees do not accept health insurance offers	Yes	No	No
Firm's expenditures on health insurance coverage	Yes, % of expenditures	Yes, total annual expenditures	No
Health plan features	Yes, limited	No	Yes, fairly detailed
Waiting periods associated with health coverage	No	Yes	Yes
Premium amounts paid by employer/employee	Yes, \$ amount paid	Yes, % paid	Yes
Whether premium amount varies by employee characteristics	No	No	Yes
Changes in employer/employee premium contributions	Yes	No	No
Factors in increases in premium costs	Yes	No	No
Out-of-office costs for employees	Yes, limited	No	Yes
Whether other health coverage provided	Dental, drug, retiree, family	Dental, vision, family	Dental, vision, drug, long-term care, retiree

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	University of Montana Employer Survey	DOLI Employee Benefit Survey	MEPS-IC
Whether any employees are uninsured	Yes (and reasons)	No	No
Role of health insurance in hiring, retaining employees	Yes	No	No
Changes firm has made/needs to make to accommodate health coverage for employees	Yes	No	No
Other Questionnaire Items of Interest	<ul style="list-style-type: none"> • Top salary level of employees • Awareness of Insure Montana program • Likelihood in participating in program 	<ul style="list-style-type: none"> • Other benefits: disability, paid leave, retirement, child care, tuition benefit, bonuses, flexible accounts, shift differentials • # and type of employees 	<ul style="list-style-type: none"> • Yes/no other fringe benefits • # and type of employees (including part vs. full-time, women, near elderly, union) • Salary of employees • # years in business
Advantages	<ul style="list-style-type: none"> • Detailed assessment of health insurance benefits • Includes attitudinal questionnaire items • Questions on state programs or other questions of interest could be added again • Future administrations could afford longitudinal data 	<ul style="list-style-type: none"> • All questions are asked separately for full-time and part-time employees • Cross state comparability (assuming survey is conducted by other states in the future) • Relationship between changes in health benefits and other benefit types could be assessed • Questions on state programs and other questions of interest could be added • Future administrations could afford longitudinal data 	<ul style="list-style-type: none"> • Retiree health benefit questions are relatively extensive • Cross state comparability • No additional costs unless additional sampled purchased • Methodological rigor/data quality • Availability of AHRQ staff assistance
Disadvantages	<ul style="list-style-type: none"> • Costly to re-administer • Timing (in terms of evaluation of Insure Montana program): 2006 survey was administered just after Insure Montana was initiated 	<ul style="list-style-type: none"> • Costly to re-administer • Not a detailed assessment of health benefits 	<ul style="list-style-type: none"> • Dependent on Census Bureau's release schedule • Microdata are not publicly available • Some of the detailed plan data are not published due to low response rates • Montana's sample size still not adequate for some analyses

Notes

¹ See Seninger (2004).

² See Montana Department of Public Health and Human Services (2005), page 37.

³ An earlier memo (dated 2/23/2005) was prepared by SHADAC summarizing this discussion.

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